Defining Wetlands:
Process Leaves Questions Unanswered

It was clear toward the end of the March 5 workshop on the proposed controversial wetlands regulations that the State Water Resources Control Board (Board) intends to adopt them at its April 2 hearing. Final language will not be available until 10 days before the hearing. By my calculations, that will be Saturday, March 23. After multiple meetings and two workshops on the controversial state wetlands regulations, not much progress has been made in discerning what, if any, beneficial changes will be made.

These proposed regulations create a new and highly controversial set of unnecessary rules for permitting state wetlands. The rules would interfere with needed and promised road repairs, impede construction of more affordable housing (a campaign promise of now-Governor Gavin Newsom) through new costs and permitting delays, limitations on available land to site clean energy, and onerous new permit requirements and restrictions on agricultural lands.

Despite receiving hundreds of proposed changes from stakeholders, some of which have been incorporated, the Board has stated that it will not accept public comments on the current proposal, which has been twice posted with some of those changes. The changes are

Film/TV Tax Credit Lures TV Series, Jobs to State

The next season of SHOWTIME’s “Penny Dreadful” will be relocating production to Los Angeles with help from the state’s film and television tax credit program—expanded by a California Chamber of Commerce job creator bill—according to the California Film Commission.

The film commission announced on March 11 that “Penny Dreadful” will bring high-wage jobs and lots of production spending to California as it moves from Dublin to Los Angeles for its fourth season, becoming the 16th TV series to relocate here with help from the state’s Film and TV Tax Credit Program 2.0.

The film commission said that “Penny Dreadful: City of Angels” will employ more than 350 cast members, 150 crew and 10,000 extras (including stand-ins measured in “man days”). Approved conditionally for $24.7 million in tax credits, “Penny Dreadful” will spend an estimated $99 million on below-the-line wages and other qualified expenditures during the upcoming season. The film commission points out that overall spending for such projects is significantly higher than qualified spending, as overall spending also includes above-the-line wages and other production expenditures that do not qualify for tax credits under Program 2.0.

With the addition of “Penny

Political Columnist Dan Walters to Speak at 2019 CalChamber Capitol Summit

Longtime political columnist and audience favorite Dan Walters will be a featured speaker at the California Chamber of Commerce Capitol Summit on May 22.

The half-day Capitol Summit also will feature policy and political updates from CalChamber President and CEO Allan Zarember, other Capitol insiders and CalChamber policy advocates.

Dan Walters

Walters, opinion columnist for CALmatters, has been a journalist for nearly six decades, and has written more than 9,000 columns about California and its politics. He joined the Capitol bureau of The Sacramento Union in 1974, just as Jerry Brown began his first stint as Governor and later became the Union’s Capitol bureau chief.

In 1981, Walters began writing the state’s only daily newspaper column devoted to California political, economic and social events. In 1984, he and the column moved to The Sacramento Bee, and then to CALmatters in 2017.

His column has appeared in many California newspapers. Walters has written about California and its politics for many publications and has been a frequent guest

See Film/TV: Page 6
See Defining Wetlands: Page 4
See Political Columnist: Page 6
Labor Law Corner

Leave of Absence Options Available for New Dad in California

Our employee’s wife just had a baby and he is asking us if he can take time off work and how much he will get paid. What are we required to do? We have never had this come up before.

Many people think baby bonding applies only to moms, but it also applies to a biological, adoptive or foster care dad, stepdad, legal guardian or someone who stands in the shoes of a dad in relation to care of a baby or child, otherwise known as “loco parentis.”

California Laws

Time off for bonding in California is required under two laws that apply to employers depending on company size.

• The New Parent Leave Act (NPLA) went into effect January 1, 2018 and applies to employers of 20 or more employees.
• The California Family Rights Act (CFRA) of 1993 applies to employers of 50 or more employees.

To be eligible for either of these leaves, an employee would have to have been employed for 1 year and worked 1,250 hours during the last 12 months before the leave.

If these eligibility requirements are met in addition to the number of employees required to be employed within a 75-mile radius, then the employee is entitled to 12 weeks of baby bonding leave that may be used any time within 12 months of the birth of the child, or placement for adoption or foster care.

Paid Time or Not?

No law requires that the employer pay the employee for this leave; however, an employee may file for partial wage replacement by filing a claim for Paid Family Leave (PFL) with the Employment Development Department. Employers are required to provide the employee with the PFL brochure that explains this benefit.

Companies that are not covered by these laws may choose to provide time off or not. For example, an employer of 5 employees may provide its employees with 6 weeks of leave for baby bonding. Because 6 weeks is the amount of time that an employee may receive PFL benefits, it often is looked at as the time for the leave.

Lastly, always consider if the employee has accrued sick, vacation or paid time off. If so, the employee could use available paid time off for baby bonding.

Column based on questions asked on the Labor Law Helpline, a service to California Chamber of Commerce preferred and executive members. For expert explanations of labor laws and Cal/OSHA regulations, not legal counsel for specific situations, call (800) 348-2262 or submit your question at www.hrcalifornia.com.

CalChamber-Sponsored Seminars/Trade Shows

More at www.calchamber.com/events.

Labor Law


HR Boot Camp. CalChamber. March 29, San Diego; April 12, Oakland; April 26, Costa Mesa; May 9, Sacramento; June 14, Walnut Creek; August 22, Pasadena; September 12, Sacramento. (800) 331-8877.

Scheduling Employees and Everything in Between Webinar. CalChamber. April 18. (800) 331-8877.


International Trade


See CalChamber-Sponsored: Page 3
The Workplace: Podcast Episode 2
Dynamex—The Elimination of Independent Contractors?

The California Supreme Court’s April 2018 decision in Dynamex Operations West, Inc. v. Superior Court of Los Angeles completely changed the way in which an individual is classified as an independent contractor versus an employee in this state.

In this week’s edition of The Workplace podcast, California Chamber of Commerce President and CEO Allan Zaremberg and Executive Vice President Jennifer Barrera review what the decision means for California employers and independent contractors.

As they point out, without a legislative fix, the Dynamex decision could jeopardize work opportunities and income potential for millions of independent contractors.

**Less Flexibility**

“The decision has made it less flexible and more restrictive on the ability for individuals to freelance and work as independent contractors,” Barrera explains.

In Dynamex, the California Supreme Court abandoned a long-established balancing-of-factors test previously adopted by the court in a 1989 decision, S.G. Borello & Sons, Inc. v. Dept. of Industrial Relations (48 Cal.3d 341). This previous approach weighed multiple factors in their totality to account for the variety of California industries and professions, as well as diversity of California’s workers.

Under Dynamex, the court presumes that a worker is an employee unless the hiring entity establishes all three factors of a one-size-fits-all “ABC Test.”

*Dynamex* jeopardizes freedom of choice for individuals and pushes them into a traditional employment model that lacks flexibility.

“As the decision stands right now, that is the concern. This one decision, that was dealing with the transportation wage order is now going to be applicable to independent contractors working in virtually every industry in California,” Barrera explains.

**Legislature Can Intervene**

Zaremberg says that the Legislature has an opportunity to intervene and update California’s outdated labor laws to reflect a modern economy.

The Wage Orders that were at issue in the *Dynamex* decision haven’t been updated for over a decade; this was even before the smartphone was available, Barrera notes.

“Our laws have not reflected the modern economy and it certainly hasn’t reflected the growing desire of individuals to have flexibility in their work, and wanting to have that flexibility is a big issue,” she says.

The *Dynamex* decision is a great lesson about how the courts must deal with the facts in front of them. The Legislature is able to take testimony from all parties affected.

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referred to as clarifications, thus avoiding a formal recirculation as required under the Administrative Procedures Act.

Questions

As David Ivester of Briscoe Ivester & Bazel LLP comments: “Why invent a new definition of ‘wetlands’ differing from any used by federal and state agencies in four decades of regulation, thus requiring landowners to map their lands two ways and address which areas are subject to the Board’s differing regulations?

‘Why devise new, extensive ‘alternatives analysis’ requirements differing from the already-stringent requirements of the Environmental Protection Agency and Corps, thus compelling landowners to search for and assess alternatives two different ways and report to federal and state agencies both ways?’

‘Why apparently undo ‘prior converted cropland,’ defined as not waters or wetlands under federal law, but redefined by the staff as wetlands, and then impose substantial new regulatory burdens on California’s farmers?’

The questions remain basically unanswered.

According to two U.S. Supreme Court decisions, the federal Clean Water Act does not regulate all waters, leaving a gap in wetlands protection. Board staff estimate the gap to be 1% to 3% of the state’s waters and wetlands. And yet, the proposal on the table upends the entire state wetlands regulatory scheme to close a 3% gap.

Staff Contact: Valerie Nera

IRS Releases Common 2019 Tax Scams to Be Aware Of

To help businesses and taxpayers prepare for the federal tax filing deadline next month, the U.S. Internal Revenue Service (IRS) is releasing information on 12 common tax scams to be aware of this year.

As many of these scams peak during the filing season, the IRS annually launches a “Dirty Dozen” campaign, highlighting one common tax scam a day to its online newsroom, www.irs.gov/dirtydozen.

The IRS also urges taxpayers to learn how to protect themselves by reviewing safety tips prepared by the Security Summit (www.irs.gov/securitysummit), a collaborative effort between the IRS, state revenue departments and the private sector tax community.

Dirty Dozen

Some of the 2019 scam schemes featured thus far are:

• Phishing scams, such as fake emails, text messages, websites, and social media attempts to steal personal information;

• Con artists or unscrupulous tax return preparers promising overly large refunds;

• Phone scams where aggressive criminals pose as IRS agents in hopes of stealing money or personal information;

• Falsifying income, including the creation of bogus Forms 1099; and

• Tax-related identity theft.

More Information

To view this year’s “Dirty Dozen” list or view lists from previous years, visit www.irs.gov/dirtydozen.

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Staff Contact: Valerie Nera
Water Board Must Let Governor, Public Weigh in on Wetlands Regulations

The California State Water Resources Board plans to adopt controversial state wetlands regulations in early April. The board's proposed rules would create a new and highly complex state wetlands permitting program independent of federal wetlands regulations. If adopted, the new rules would both expand the reach of state wetlands protections and require agencies, developers and farmers to undergo two separate permitting processes for the same activities.

Infrastructure/Jobs Impact

The resulting cost and delay will have serious impacts on housing, transportation infrastructure, clean energy projects and agriculture. Thousands of California jobs hang in the balance.

The board released its current proposal in January. It has changed significantly since the prior proposal, which was last circulated for public review in 2017. The board has stated that, despite these significant changes, it will not accept public comments on the current proposal. It appears committed to fast-tracking the rules to approval in April.

Commentary

By Allan Zaremberg and Tim Cremins

Both the public and Governor Gavin Newsom's administration need more time to review the proposed rules. This is the only way they can provide thoughtful direction on this important statewide policy change, and they deserve the opportunity to do so.

We agree that wetlands deserve protection through consistent, scientifically sound and reasonable rules. But it’s important that California adopt the right rules.

Open Process

The board now has an opportunity to provide consistency and leadership through a process that is open and transparent, and that ensures wise stewardship of our natural resources. Done correctly, the board’s rules could offer meaningful protection to the state’s wetlands resources and, at the same time, create clear and reasonable permitting pathways for needed housing, transportation infrastructure, clean energy projects and agriculture.

The board’s proposed rules, however, need more work to achieve this aim. The rules, as proposed, would interfere with critical local road projects. This concern has taken on greater importance following voters’ rejection of Proposition 6, which would have repealed legislation passed in 2017 to provide a sustainable source of infrastructure funding.

The proposed rules would also impede construction of more affordable housing through new costs and permitting delays. Both transportation infrastructure and affordable housing are among Governor Newsom’s top priorities.

The California-Nevada Conference of Operating Engineers, the CalChamber and many other labor and business organizations support needed resources for transportation and the push for more affordable housing. We want to ensure that California has the tools and ability to effectively deliver on these essential solutions.

More Time Needed

The Newsom administration should be given the time and the opportunity to analyze the potential impacts of the board’s proposed wetlands rules. The board also needs more time to take into account the serious questions and concerns many Californians have raised.

The potential harms to California’s environment and economy are too great to rush through the wrong state wetlands rules. We respectfully urge the board to postpone any vote until the new governor, the board and the public can agree on the best balance for California.

Allan Zaremberg is president and CEO of the California Chamber of Commerce. Tim Cremins is director of the California-Nevada Conference of Operating Engineers. This commentary appeared first in The Sacramento Bee.
Political Columnist Dan Walters to Speak at CalChamber Capitol Summit

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on national television news shows. He is the author of The New California: Facing the 21st Century, the founding editor of the California Political Almanac, the co-author of The Third House: Lobbyists, Money and Power in Sacramento, and contributed chapters to two other books, Remaking California and The New Political Geography of California.

Walters last spoke at the Summit in 2017, shortly before leaving The Sacramento Bee and moving to CALmatters.

Other Events

After the Summit, attendees have the option to stop by the CalChamber International Forum (a separate RSVP is required).

The afternoon forum will focus on trade issues for the California trade/business community, including the consular corps.

Film/TV Tax Credit Lures TV Series, Jobs to State

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Dreadful,” California’s expanded Film and TV Tax Credit Program 2.0 has attracted relocating TV series from seven U.S. states plus Canada and the Republic of Ireland, according to the film commission. These projects are on track to generate nearly $1 billion in qualified in-state spending, including $553 million in wages to below-the-line workers. These numbers will continue to grow as the relocated projects are picked up for additional seasons.

The commission notes that “qualified expenditures” are wages to below-the-line workers and payments for equipment/vendors. Overall in-state production spending will be significantly higher with the addition of above-the-line wages and other spending that do not qualify for California tax credits.

Due to the tax credit program’s ongoing success with long-term TV projects, the latest TV application period (held February 4–8, 2019) was open only to relocating series and recurring series already accepted into Program 2.0.

In addition to the relocating “Penny Dreadful: City of Angels” series, the tax credit program currently has 29 recurring TV series in various stages of production. To date, a total of 74 television projects, including new TV series, relocating TV series, pilots, movies of the week, and miniseries have been accepted into Program 2.0 since it was launched in July 2015.

The next application period for TV projects (the first for fiscal year five of Program 2.0) is scheduled for May 20–24, 2019. The next round of feature film projects (the third and final round for fiscal year four of Program 2.0) is scheduled to be announced April 1, 2019.

Film/TV Tax Credit Program

In September 2014, Governor Edmund G. Brown Jr. signed bipartisan legislation (CalChamber job creator AB 1839; Gatto; D-Los Angeles) to more than triple the size of California’s film and television production incentive, from $100 million to $330 million annually. The credits are aimed at retaining and attracting production jobs and economic activity across the state.

The California Film and TV Tax Credit Program 2.0 also extended eligibility to include a range of project types (big-budget feature films, TV pilots and 1-hour TV series for any distribution outlet) that were excluded from the state’s first-generation tax credit program.

Program 2.0 has a sunset date of July 1, 2020.

Program Extension

In June 2018, Governor Brown signed SB 871 (Committee on Budget and Fiscal Review), which extended California’s tax incentive for motion pictures and television productions for an additional five years. The extended program, dubbed Program 3.0, will enable the film commission to allocate $330 million per year from July 2010 through June 2025. The commission is developing regulations, program guidelines and other procedures to administer the extended tax credit program.

SB 871 included provisions from CalChamber-supported job creator bills AB 1734 (Calderon; D-Whittier) and SB 951 (Mitchell; D-Los Angeles). This tax incentive has proven effective in maintaining jobs in California and growing jobs in this industry.

More Information

More information about California’s Film and Television Tax Credit Program, including application procedures, eligibility and guidelines, is available at www.film.ca.gov/tax-credit.

Staff Contact: Sarah Boot
California Still a Top Exporting State

The U.S. Department of Commerce now has 2018 trade statistics available through the International Trade Administration’s (ITA) “Trade Stats Express.”

In 2018, California exported $178.4 billion to 230 foreign economies, up from $172 billion in 2017. California’s top export markets are Mexico, Canada, China, Japan and South Korea.

California is one of the 10 largest economies in the world with a gross state product of more than $2.5 trillion. International trade and investment are major parts of the state’s economic engine that broadly benefit businesses, communities, consumers and state government. California’s economy is diverse, and the state’s prosperity is tied to exports and imports of both goods and services by California-based companies, to exports and imports through California’s transportation gateways, and to movement of human and capital resources.

U.S. Trade Facts

In 2018, combined goods and services imports topped $3.1 trillion and services by itself reached $557.9 billion: food, feeds, and beverages ($147.4 billion); capital goods ($693.3 billion); automotive vehicles, parts, and engines ($372.3 billion); and consumer goods ($647.9 billion). The U.S. also had record imports from several countries, led by China ($539.5 billion) and Mexico ($346.5 billion).

In 2018, combined goods and services exports were almost $2.5 trillion. They also increased 6% from 2017. Exports of services alone hit a record $828.1 billion. The United States also had record exports to several countries, including Mexico ($367 billion) and Mexico ($346.5 billion).

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California Trade Facts

The U.S. Department of Commerce reported that in 2018, California exports amounted to $178.4 billion. This is an increase from the 2017 total of $172 billion. California maintained its perennial position as a top exporting state.

Exports from California accounted for 10.7% of total U.S. exports in 2018. California trade and exports translate into high-paying jobs for more than 1 million Californians.

Mexico

Mexico continues to be California’s No. 1 export market. California exports to Mexico increased to $30.7 billion in 2018, up from $26.7 billion in 2017. Mexico purchases 17% of all California exports.

California’s exports to Mexico are driven by computers and electronic products, which account for 25.8% of all California exports to Mexico. Other top categories included transportation equipment, non-electrical machinery, and electrical equipment, appliances and components.

Canada

Canada is California’s second largest export market, purchasing 9.9% of all California exports. In 2018, California exported more than $17.75 billion to Canada.

Computers and electronic products remained California’s largest exports, accounting for 32.5% of all California exports to Canada.

Asia-Pacific

California is the largest exporting state to Asia. In 2018, California exported $122.706 billion in goods to the region.

Greater China


Exports to Hong Kong were $9.905 billion in 2018, a decrease from $12.1 billion in 2017, losing the spot as California’s No. 5 export destination to South Korea.

Japan

California exports to Japan totaled $13.1 billion in 2018. Computers and electronic products accounted for 17.7% of total exports.

South Korea

South Korea overtook the spot as California’s No. 5 trading partner as California exported $9.942 billion to South Korea in 2018. Almost 30% was made up of non-electrical machinery.

European Union

California exports to the European Union (28) totaled $31.84 billion in 2018. California is the top exporting state to Europe.

Computers, electronic products, transportation equipment, chemicals, and miscellaneous manufactured commodities are California’s leading export sectors to the region. European Union countries purchased 17.8% of all California exports.

Leading California Export Markets (In $ U.S. billions)

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Source: U.S. Department of Commerce
THURSDAY, MARCH 21, 2019 | 10:00 - 11:30 AM PT

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When hiring any employee, employers are required by federal immigration law to verify that person’s identity and eligibility to work in the U.S. by completing the Form I-9.

Both a complex and detailed process, the Form I-9 comes with 15 pages of instructions. This webinar fills you in on avoiding costly mistakes as well as complying with California requirements prior to and following an ICE inspection.

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